

## **FY09 BUDGET SUMMARY**

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The total state budget for FY09 is \$29.7 billion and represents a 13.2 percent decrease from last fiscal year. This amount includes \$7.3 billion in federal revenue for hurricane recovery. Without the federal recovery funds, the total state budget is \$22.3 billion. The total number of authorized positions in FY09 is 46,210 — a decrease of 726 from FY08's total of 46,936.

Total means of financing for FY09 decreased from the FY8 existing operating budget of \$34.3 billion by 13.2 percent, or \$4.6 billion dollars. The FY09 total means of finance of \$29.7 billion is approximately 50 percent federal funding in the amount of \$15 billion, which is a decrease of roughly \$4.8 billion.

State general fund represents an increase in revenue as it grew by roughly \$1 billion from the previous fiscal year to \$9.7 billion for FY09. Statutory dedications dropped by \$782 million to total \$3.6 billion in FY09. Fees and self-generated revenues increased and total \$1.4 billion, which represents a 1.2 percent change from FY08.

### **SEVERAL MAJOR INITIATIVES FUNDED IN THE FY09 BUDGET**

#### *Statewide Salary Increases*

- \$70.1 million for teachers bringing the projected average salary to \$47,819 in FY09 (\$1,019 increase to reach the Southern average)
- \$48.6 million for support workers (\$1,000 one-time salary supplement)

#### *Pre-K – 12 Education Initiatives (in addition to teacher raises/support supplements)*

- \$90 million increase in the Minimum Foundation Program (MFP), which will total \$3.3 billion in FY09
- \$12.5 million for the “Ensuring Literacy and Numeracy for All” initiative to improve student achievement through better reading and math skills
- \$10 million in new “Flexible Pay” merit increases for top teachers or to fund hard-to-fill slots, such as math and science teaching positions
- \$10 million for scholarships to allow some Orleans Parish public school students the opportunity to attend private schools

#### *Higher Education Initiatives*

- \$34.7 million to fully fund the Higher Education formula to ensure that all Louisiana institutions are funded at 100 percent of the average state support provided to Southern Regional Education Board (SREB) peer institutions. Overall, spending on Higher Education will total \$2.9 billion in FY09.
- \$10 million to overhaul the state’s worker-training system at the state’s community and technical colleges

- \$9.2 million in additional funding (for a total of \$24.2 million) for GO Grants to make college more affordable for students from low- and moderate-income families

#### *Health Care Initiatives*

- \$62 million to fund 2025 additional New Opportunities Waiver (NOW) to continue efforts to address the waiting list for community-based services for the disabled
- \$10 million to fund 375 flexible home and community-based waiver slots in FY09
- \$4 million to fully restore rate reductions made in the Early Steps program a few years ago
- \$1.5 million to fund a telehealth pilot program for chronically ill patients at the state hospitals
- \$1 million to fund the statewide expansion of the nurse family partnership program

### **FY08 SUPPLEMENTAL APPROPRIATIONS AND EXPENDITURE LIMIT**

House Concurrent Resolution No. 1 by Fannin, et al., of the 2008 Second Special Session of the Legislature directs the commissioner of administration to increase the expenditure limit for FY08 by the amount of \$1,014,658,270 for a total of \$12,614,422,713. HCR 1 also provides that such changes shall in no way be construed to change the limit for Fiscal Year 2008-2009.

House Bill No. 46 by Fannin (Act 7 of the Second Extraordinary Session of 2008) provided significant supplemental appropriations out of nonrecurring state general fund revenues and dedicated revenues sources, including:

- \$396 million in federal highway, off-system roads, and non-federal aid highway project funding;
- \$300 million in coastal restoration and management projects;
- \$142 million for major repairs for higher education facilities, the Cyber Innovation Center and Transportation Infrastructure, among other improvements;
- \$67 million in public improvements;
- \$60 million for the accelerated payoff of the unfunded accrued liability of the state employees' and teachers' retirement systems; and,
- \$50 million for the Pennington Biomedical Research Center.

House Bill No. 1287 (Act 511) of the 2008 Regular Session provided supplemental appropriations for FY08, including final judgments against the state of Louisiana. Significant appropriations included \$4.7 million for health insurance premiums in schools systems adversely impacted by hurricanes Katrina and Rita; almost \$20 million for the New Orleans Sports Franchise Assistance Fund; funding to continue boll weevil eradication; continued funding for Second Harvest Food Bank of Greater New Orleans and Acadiana; \$8 million for endowed chairs and professorships; \$2.5 million for the continuation of the classroom laptop computer program (vetoed by the governor); and \$5 million for the Family Recovery Corp.

Additionally, the Act made reductions to departmental budgets that were a direct result of the hiring freeze instituted by Governor Jindal in January of 2008. Hiring freeze reductions resulted in total FY08 savings of approximately \$110 million, of which \$39 million was State General Fund.

## **SELECTED FY09 DEPARTMENTAL FISCAL HIGHLIGHTS**

### **01 – EXECUTIVE DEPARTMENT**

House Bill No. 1 (HB 1) creates the Louisiana Public Defender Board (\$29.5 million and 16 positions) as a separate budget unit from the Executive Office and creates the Inspector General (\$1.7 million and 15 positions) as a separate budget unit from the Division of Administration.

The Louisiana Recovery Authority (LRA) is moved under the Division of Administration. To facilitate administrative effectiveness, the LRA will also work more closely with the Office of Community Development Disaster Recovery Unit.

Also, the \$24.3 million and 3 positions associated with Interoperability Communications have been moved to Homeland Security and Emergency Preparedness.

Other Executive Department significant FY 09 funding includes:

- \$10 million for the Local Government Assistance Program (funding contained in HB2);
- \$5 million for support of the New Orleans Police Department extension of Project Gator;
- \$4.2 million for emergency generators at Special Needs Medical Shelters;
- \$3 million in dedicated funding for a director for each parish Office of Emergency Preparedness; and,
- \$500,000 to the Task Force on Violent Crime for crime prevention activities for Algiers, Gretna, and the West Bank of Jefferson and Plaquemines Parishes.

### **05 – ECONOMIC DEVELOPMENT**

Several major statewide initiatives were appropriated for FY09, including an additional \$31 million in the Rapid Response Fund for economic development projects and an additional \$307.1 million deposited into the Mega-Project Development Fund to attract large enterprises to the state or retain large-scale existing enterprises. For FY09, however, \$48.6 million from the Fund may be used for a \$1,000 one-time salary supplement for all school support personnel and non-public lunchroom employees in accordance with the provisions of HB 1 and Act 513 (HB 926) of the 2008 Regular Session of the Legislature.

Other significant *new or expanded* initiatives funded in FY09 include:

- \$5 million addition to the Small Business Bonding Program;
- \$3 million for International Paper in Bastrop out of the Louisiana Economic Development Fund;
- \$3 million for Quick Start Initiatives out of the Rapid Response Fund;
- \$2 million for Workforce Development and Training in the Entertainment Sector out of the Louisiana Economic Development Fund;
- \$2 million for Project Specific Site Preparation Evaluation out of the Louisiana Economic Development Fund;

- \$2 million for Competitiveness Benchmarking out of the Louisiana Economic Development Fund;
- \$1.4 million for the operation of the Accent Corporate Center, including 3 positions; and,
- \$750,000 out of dedicated funds for Port of Manchac out of the Louisiana Economic Development Fund.

Significant *on-going* projects receiving funding in FY09 include:

#### Technology Initiatives –

- \$4.2 million for the Baton Rouge Wet Lab Operations
- \$1.3 million for Good Manufacturing Practices (Gene Therapy)
- \$759,213 for the Shreveport Wet Lab Operations
- \$533,280 for the New Orleans Wet Lab Operations

#### Infrastructure Projects –

- \$3.3 million for Northrup Grumman
- \$3.3 million for Union Tank Car
- \$2.1 million for Bulk Rice Export Facility
- \$1.8 million for CG Railway, Inc.

## **07 — DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT**

For FY09, the Department of Transportation and Development (DOTD) is funded at \$547 million, representing a 0.36 percent increase from the FY08 budget. Major changes in DOTD's budget for FY09 include:

- Integration of the Coastal Protection and Restoration Authority (CPRA) with the Governor's Office and the Department of Natural Resources. DOTD added 14 positions and \$1.5 million in IAT authority in Administration for implementation of the CPRA and also moved 20 positions and \$2.2 million from Public Works to Administration for this purpose. IAT authority from DNR was reduced by \$816,598 to correctly account for the funding being passed between the departments.
- A total of \$5.5 million was provided to the Bridge Trust Program in Engineering and Operations for restoration of funding for the Crescent City Connection.

*Parish Transportation Program (Located in Schedule 20-903 of the budget)*

Total funding for the Parish Transportation Program is \$47.9 million for FY09. Of that total, \$40 million was set aside for the Parish Road Program; \$4.9 million for the Mass Transit Program; and \$3 million for the Off-system Roads and Bridges Match Program.

## **08 — DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS**

### *08A — Corrections Services*

The total budget for Corrections Services for FY09 stands at \$555.1 million, which represents a 5.8 percent increase over FY08. Corrections is heavily dependent on State General Fund, with \$494.8 million of its budget coming from that means of finance.

Legislative action on Corrections' budget was very light for FY09, with a \$1 million reduction in enhancements for acquisitions and major repairs being the most significant impact. A 2.9 percent inflation adjustment was also provided for Winn and Allen Correctional Centers, which are state-owned facilities managed by private correctional companies.

#### *08B — Public Safety Services*

The total budget for Public Safety Services is \$388.4 million for FY09, representing about a 1 percent increase over FY08. Major changes in Public Safety's budget for FY09 include:

- Additional funding for operational support of State Police at \$1 million out of the 2004 Overcollections Fund;
- Restoration of \$500,000 for in-service firearms safety training for state troopers; and,
- An addition of \$235,000 in the Fire Marshal's Office from the Two Percent Fire Insurance Fund for an increase in volunteer firefighter insurance premiums.

#### *08C — Youth Services*

Youth Services is funded at \$182.6 million for FY09, representing a 0.5 percent increase over FY08. This department is also very dependent on State General Fund, which accounts for \$164.7 million in its budget.

Youth Services saw significant legislative action on its budget during the 2008 Regular Session of the Legislature. Major items include:

- Restoration of \$7.8 million and 145 positions that were originally cut by the Division of Administration during the budget-building process. With a change in leadership in the department because of a new gubernatorial administration, the Division decided to restore this funding and related positions as Youth Services continues its transition towards reform of the juvenile system.
- Restoration of \$5 million in cuts to juvenile institutions made by House Appropriations Committee during deliberations on HB 1.
- Addition of \$350,000 for the Missouri Youth Services Institute for staff training. Louisiana is attempting to model its juvenile system on that of Missouri, which is recognized nationally as being highly effective and efficient.

## **09 – DEPARTMENT OF HEALTH AND HOSPITALS**

#### *Medicaid Program*

The FY09 budget for the Medicaid program is nearly \$6.8 billion, an increase of \$679 million over the FY08 projected expenditures.

- Adjustments for increases in Medicaid reimbursement rates, for growth in projected service utilization and cost, and to annualize FY08 programmatic expansions into FY09 totaled roughly \$460 million.
- Due to the timing of the fiscal year, the Medicaid program will experience an extra checkwrite in FY09 at a cost of \$76 million.
- A total of \$69 million was added to rebase the reimbursement rates for nursing home services.
- The legislature also added approximately \$62 million for 2,025 additional New Opportunities Waiver (NOW) slots to continue efforts to address the waiting list for community-based services for the disabled. Also in the NOW program, the Finance Committee invested nearly \$2 million in the NOW program to equalize rates for home skilled nursing care.
- To respond to the need for community-based services to provide an alternative to institutional services for the disabled and elderly, approximately \$10 million was added for 375 flexible home and community-based waiver slots in FY09.

### *Early Steps*

A total of \$4 million has been added to fully restore rate reductions made in the Early Steps program a few years ago. Early Steps provides needed therapies to developmentally disabled or delayed children aged 0-3. This rate restoration brings the total funding for this program to \$26 million.

### *Nurse Family Partnership Program*

The Senate restored \$1 million and twelve (12) positions for the statewide expansion of the nurse family partnership program, which provides pregnancy-related and preventive child health visits, bringing the total budget for this program to nearly \$12 million and 61 positions.

## **10 — DEPARTMENT OF SOCIAL SERVICES**

The Department of Social Services (DSS) is funded at \$1.1 billion for FY09. This represents a 0.81 percent reduction from FY08. This reduction is largely due to the loss of federal funding of about \$100 million from Supplemental Social Services Block Grant (SSBG) money that had been provided for hurricane recovery and of \$8.4 million in Title IV-E funding due to the Federal Deficit Reduction Act. State General Fund replaced the Title IV-E funding, but the SSBG funding was non-recurred without being replaced by any other means of finance. Major items in DSS' budget include:

- The addition of \$1 million in State General Fund in the Child Welfare Services Program for services related to foster care;
- A reduction of \$1.5 million in enhancements to the ACCESS computer system in the Child Welfare Services Program;

- A total of \$250,000 provided for personal care attendant services in the Specialized Rehabilitation Services Program; and,
- Total TANF allocations of \$67.2 million for FY09 initiatives.

## **11 — DEPARTMENT OF NATURAL RESOURCES**

The Department of Natural Resources (DNR) is funded at \$172.1 million for FY09, which represents a 1.7 percent reduction as compared to FY08. Major items in DNR's budget for FY09 include:

- A reduction of \$5.6 million from the Coastal Protection and Restoration Fund to reconcile spending recommendations with the Coastal Protection and Restoration Annual Plan;
- A reduction of \$3.9 million from the Coastal Protection and Restoration Fund to remove excess budget authority from the first Coastal Impact Assistance Program (CIAP), which was completed last year;
- An addition of \$1.5 million from the Coastal Protection and Restoration Fund for eight (8) new positions and funding for a means of financing swap with the Coastal Protection and Restoration Authority (CPRA);
- Nine (9) additional positions and \$900,000 in funding from the Coastal Protection and Restoration Fund for the CPRA Implementation Team; and,
- A reduction of \$175,000 in State General Fund for the hydrilla eradication program in Henderson Lake. This item was cut by House Appropriations Committee and was not restored.

## **14 — LABOR DEPARTMENT**

HB 1 includes \$4.3 million in additional funding necessary to implement the major reorganization of the Department of Labor into the Louisiana Workforce Commission. In addition, the Louisiana Workforce Investment Council will replace the current Louisiana Workforce Commission in FY09.

The FY09 budget includes \$47.8 million for the Incumbent Worker Training Program, and \$10 million deposited into the Workforce Training Rapid Response Fund in order to overhaul the state's worker-training system at the state's community and technical colleges.

## **16 — DEPARTMENT OF WILDLIFE AND FISHERIES**

The Department of Wildlife and Fisheries (DWF) is funded at \$106.7 million for FY09, which represents a 6.4 percent increase from FY08. Major changes to DWF's budget for FY09 include:

- The restoration of eighteen (18) positions and approximately \$1.1 million department-wide that had been eliminated during the budget-building process by the Division of Administration; and,

- The transfer of two (2) positions and \$1 million for the Louisiana Environmental Education Commission in the Office of Wildlife, contingent upon enactment of Senate Bill No. 365.

## **17 – DEPARTMENT OF CIVIL SERVICE**

### *Ethics Administration*

- \$1.9 million and sixteen (16) positions were provided for implementation of recently enacted ethics and campaign finance laws

### *Division of Administrative Law*

- \$0.3 million and three (3) positions were provided to handle the increased workload attributable to recently enacted ethics and campaign finance laws
- \$0.1 million was provided to process the increased number of administrative law hearings dealing with the Department of Public Safety and Corrections

## **19 – EDUCATION**

### *Higher Education*

- \$34.7 million to fully fund the Higher Education formula to ensure that all Louisiana institutions are funded at 100 percent of the average state support provided to Southern Regional Education Board (SREB) peer institutions
- \$10 million deposited into the Workforce Training Rapid Response Fund in order to overhaul the state's worker-training system at the state's community and technical colleges
- \$9.2 million in additional (for a total of \$24.2 million) funding for GO Grants to make college more affordable for students from low- and moderate-income families

### *Pre-K – 12 Education*

- \$90 million increase in the Minimum Foundation Program (MFP), which will total \$3.3 billion in FY09
- \$70.1 million for teacher pay raises (\$1,019 to reach the Southern average) – Of this amount, approximately \$14 million is provided through the MFP formula.
- \$48.6 million for support workers (\$1,000 one-time salary supplement) – This item is to be funded out of the Louisiana Mega-Project Fund.
- \$12.5 million for the “Ensuring Literacy and Numeracy for All” initiative to improve student achievement through better reading and math skills
- \$10 million in new “Flexible Pay” merit increases for top teachers in rural school districts or to fund hard-to-fill slots in those districts, such as math and science teaching positions
- \$10 million for scholarships to allow some Orleans Parish public school students the opportunity to attend private schools
- \$8.5 million for the Recovery School District's Extended Day and Extended Year Programs to provide services for students lagging two (2) or more years behind their appropriate grade levels



- \$4.5 million for the Career Technical Initiative to provide skills training for career-minded middle school and high school students so as to better provide for a skilled workforce
- \$2.7 million for the Alternative Schools/Options Initiative to provide alternative options for transitional students who are over-aged, underachieving, or disruptive
- \$2.4 million for payments to school speech-language pathologists and audiologists who gain national certification within their professions
- \$1 million for the Required Services Program whereby nondiscriminatory state-approved nonpublic schools are reimbursed for incurring state-mandated reporting costs

## **19 – LOUISIANA STATE UNIVERSITY HEALTH CARE SERVICES DIVISION**

### *Operations of the State Hospitals*

The projection of total revenue collections for the Louisiana State University Health Care Services Division in FY09 is \$970 million. This projection includes over \$108 million in growth over the FY08 budget of \$862 million.

### *Disease Management Initiative*

To increase the effectiveness of disease management activities at the state hospitals operated by the LSU Health Care Services Division, a strategic investment of \$1.5 million was made by the Senate Finance Committee for a telehealth pilot program for chronically ill patients.

## **20 – OTHER REQUIREMENTS**

### *Local Housing of State Adult Offenders*

This program is funded at \$159.5 million for FY09. Major changes include an increase in the state inmate per diem reimbursement rate from \$23.39 to \$24.39, and an increase of \$1 per inmate per day in the Adult Work Release Program.

### *Local Housing of State Juvenile Offenders*

This program is funded at \$6.1 million for FY09. There were no major changes.

### *Supplemental Pay to Law Enforcement Personnel*

This program is funded at \$98.8 million for FY09. This includes \$32 million for municipal police; \$25.5 million for firefighters; \$947,000 for constables and justices of the peace; and \$40.4 million for deputy sheriffs. Police officers, firefighters, and deputy sheriffs are paid at a rate of \$425 per month, while constables and justices of the peace receive \$100 per month.

Act 664 (SB 26) of the 2008 Regular Session by Senator Alario increases supplemental pay for municipal police officers, deputy sheriffs, and firefighters from \$425 to \$500 per month. It does not affect the supplemental pay of constables and justices of the peace. The Act will go into effect on July 1, 2009, so it will not cause a fiscal impact until the FY10 budget. The fiscal note anticipates

an additional \$17 million will be needed for this pay increase. As of July 2, 2008, the bill was awaiting action by the governor.

*District Attorneys and Assistant District Attorneys*

This program is funded at \$30.5 million for FY09. This includes \$2.9 million for a salary increase for each of the assistant district attorneys from \$40,000 to \$45,000 per year, effective July 1, 2008, in accordance with the provisions of Act 283 of the 2007 Regular Session of the Legislature. Other major changes include:

- A total increase of \$305,000 for a \$5,000 salary increase for the 61 victims assistance coordinators, contingent upon enactment of House Bill No. 1118 of the 2008 Regular Session of the Legislature; and,
- \$418,846 for an increase of 11 new assistant district attorneys, pursuant to Act 377 (HB 1152) of the 2008 Regular Session of the Legislature.